

April 28, 2003

Professor Arthur B. LaFrance  
Professor of Law  
Northwestern School of Law of  
Lewis and Clark College  
10015 SW Terwilliger Blvd  
Portland, OR 97219-7799

Dear Professor LaFrance:

I have reviewed your letter, dated April 10, 2003, in which you request that I reconsider my order denying the motion to intervene filed by the Northwest Consortium of Law Schools ("Consortium"). For the reasons previously stated in my order, I am not granting the Consortium's request to intervene in the adjudicative proceeding that is currently in progress regarding the conversion of Premera. The fact that the University of Washington Medical School, which moved to intervene timely, has now withdrawn does not change my conclusion. The Consortium's motion was properly denied because it was not timely and did not articulate a significant interest entitling the Consortium to participate in the proceedings as contemplated by RCW 48.31C.030(4).

Your statement that "this proceeding will be seriously deficient in resources and public representation, with the loss of a major intervener [UW School of Medicine] and consequent withdrawal of the Office of the Attorney General. . ." is not correct. Review of the public record, available on the Office of Insurance Commissioner ("OIC") website, reveals that the School of Medicine intended to participate in a very limited fashion. It did not plan to conduct discovery, present a case-in-chief at the hearing, or cross-examine witnesses. Although the Office of the Attorney ("OAG") represents the School of Medicine, the OAG has had and will continue to have a significant role in the review of Premera's application wholly apart from its duties representing that state institution. I refer you to the letter dated October 15, 2002, from the Attorney General to me, which is also on the OIC website and is attached for your convenience, explaining the respective roles of the Attorney General and the Insurance Commissioner. The Office of the Attorney General is providing counsel to advise me as the hearing officer and separate counsel to advise the OIC Staff reviewing Premera's proposal. In addition, the OAG is providing advice and expertise to staff during its review of Premera's application on antitrust issues and the issues related to the dissolution of a nonprofit corporation. Finally, the Attorney General will independently review and approve the disposition of assets, should I approve the conversion.

You should also note that, in accordance with the requirements of this state's Administrative Procedure Act, my function of presiding over the hearing and rendering a decision is separate from the staff's function of reviewing the application and providing recommendations. In performing both these functions, the staff and I are guided by the

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statutory review criteria of the Holding Company Act that requires consideration of the public interest.

I appreciate the law schools' willingness to expend resources examining the effect of Premera's proposal on healthcare delivery. There has been and will continue to be ample opportunity for all members of the public, including the Consortium and its member law schools, to comment on the proposed transaction. Additionally, my order does not prohibit the Consortium law schools from offering their resources and services to the Intervener Groups. The participation of the Consortium and its members by these means is certainly welcomed by me.

To the extent that your letter was a request for reconsideration of my order denying the Consortium's motion to intervene, that request is denied.

Sincerely,

Mike Kreidler  
Insurance Commissioner

Enclosure

Cc: Carol Sureau  
John Hamje  
James Odiorne  
Jeff Coopersmith  
Eleanor Hamburger  
Thomas Kelly  
Amy McCullough  
Michael Madden  
John Domeika